

FAMILY INDEPENDENCE PROGRAM

2006

ANNUAL REPORT

**Progress on
Helping Low-Income Families To Work**

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Profile Of FIP Caseload IN 2005

TOTAL NUMBER OF FIP FAMILIES 12,074

Households with 1 parent	58%
Households with 2 parents	8%
Households with child-only cases	34%

Number of Children in FIP families

1	child	47%
2	children	30%
3	children	15%
4+	children	8%

PRIMARY LANGUAGE SPOKEN

English	79 %
Spanish	18 %
Other/Not Reported	3%

ETHNICITY

White	37.6%
Hispanic	29.3%
Black	14.6%
Asian	2.8%
Native American	0.4%
Other/Not Reported	15.3%

EDUCATION LEVEL REPORTED BY PARENT(S)

12th grade or higher	51 %
Less than 12th grade	49 %

HOUSING

Approximately 30% of FIP families live in subsidized housing

TEEN PARENTS

Teen parents age 18 and 19	598
Teen parents under age 18	52

Other FIP Facts And Highlights 2005

FIP OPENINGS AND CLOSINGS FOR THE YEAR:

- 7,013 families were opened to FIP cash assistance
- 7,761 families closed to FIP cash assistance in 2005; of the total number closing:
 - 3,860 (50%) closed due to employment
 - 3,800 closed for other reasons, such as voluntary withdrawal, moving to other states, and non-cooperation with FIP requirements.

FIP CASELOAD CONTINUES TO DECLINE:

- 1,074 fewer cases were on cash assistance in December 2005 than in December 2004. This represents a 9% decline in just one year and 36% decline since FIP began in May 1997.

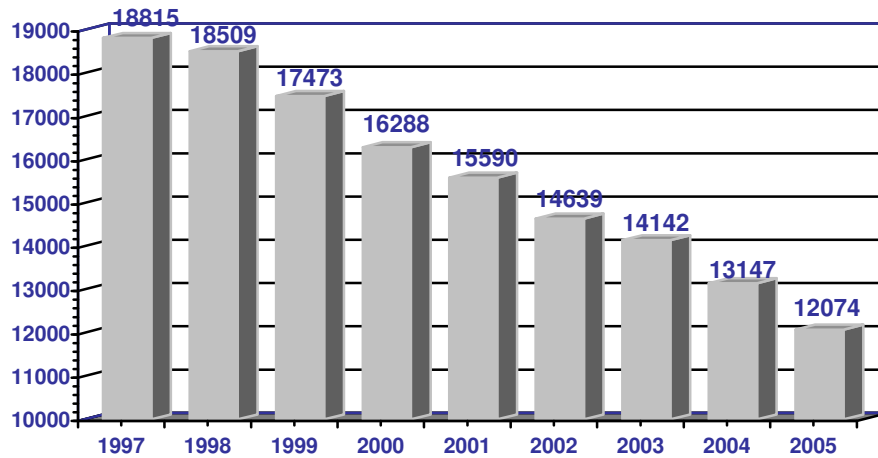
CHILD-ONLY CASES ARE INCREASING OVER TIME:

- Of 12,074 total cases on FIP in December 2005, 4,081 (34%) are child-only cases meaning the adults do not qualify for FIP cash assistance. Reasons for child-only cases :
 - 36% have parents on SSI
 - 34.5% have parents closed due to time limits
 - 26.5% have non-qualified/non-citizen parents
 - 3.0% live with non-parent caretaker relatives
- In May 1997, less than 15% were child-only cases.

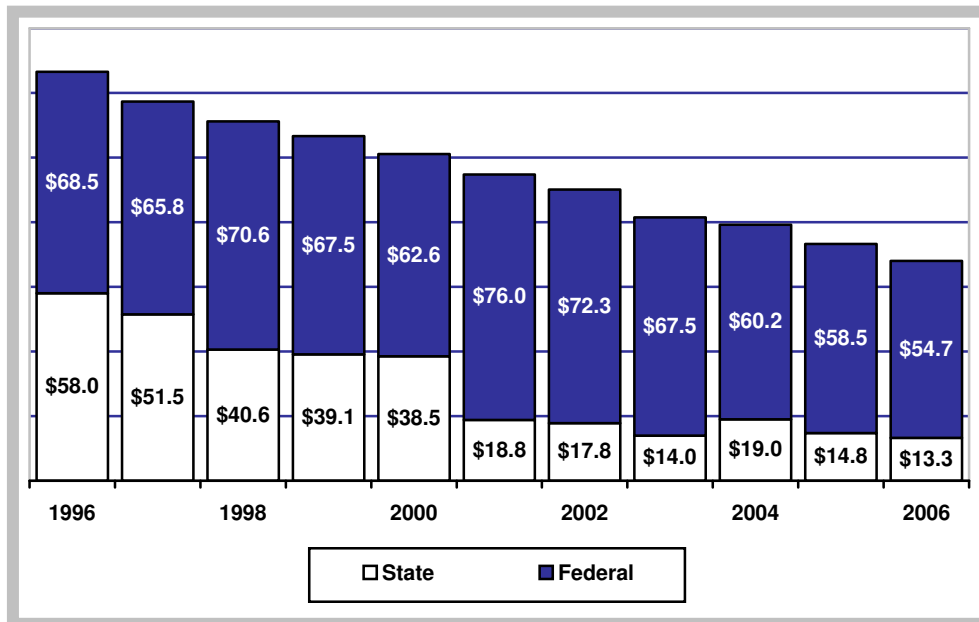
PERCENTAGE OF FAMILIES MOVING TO RHODE ISLAND FROM OUT OF STATE:

- In 2005, 9.5% of all new families accepted on FIP moved to Rhode Island from other states as compared to 1996 which showed that 17% of new families accepted on FIP came from other states.
- Since 2001, R. I. has had a net out-migration of families moving to other states.

Family Independence Program Caseload
May 1, 1997 To December 31, 2005
36% Decline Over Nine Years

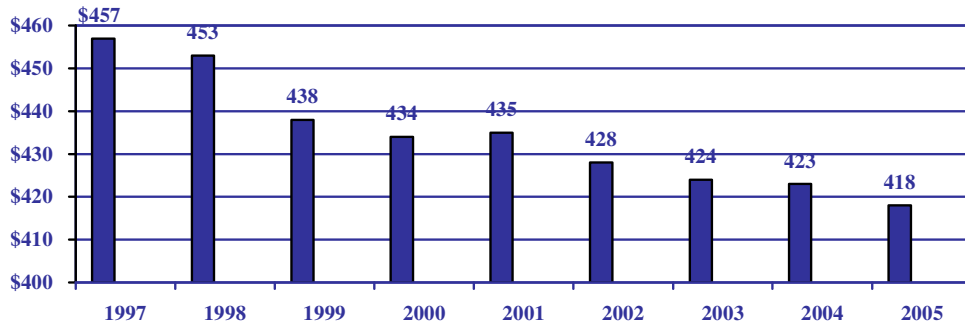


AFDC/Family Independence Program
Expenditures (in millions) By Fund Source



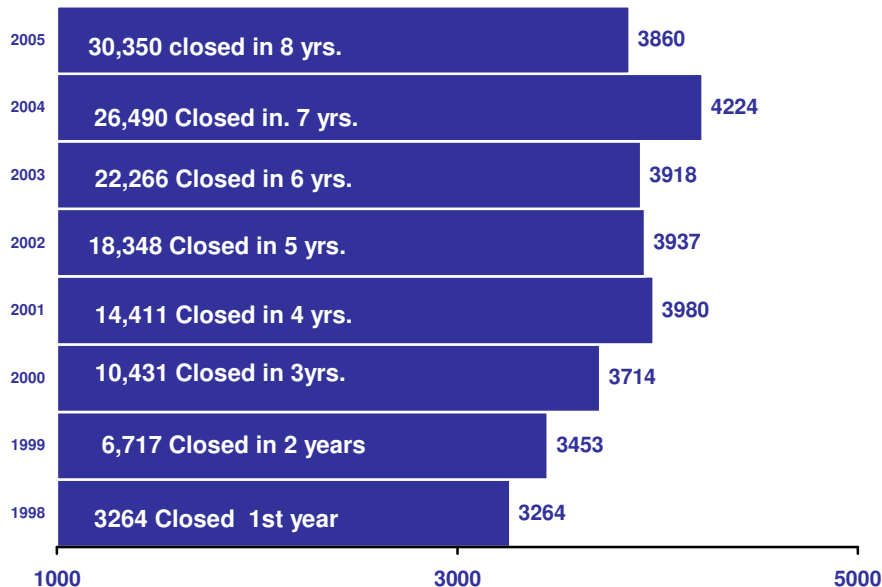
As the FIP caseload continues to decline, there is a significant reduction in the need for State expenditures on cash assistance program. However, consistent with the overall goal of FIA, savings related to lower FIP caseloads have been reinvested, primarily in the area of low-income child care for working parents.

**FIP Average Monthly Cost Per Case
Also Declines
1997-2005**



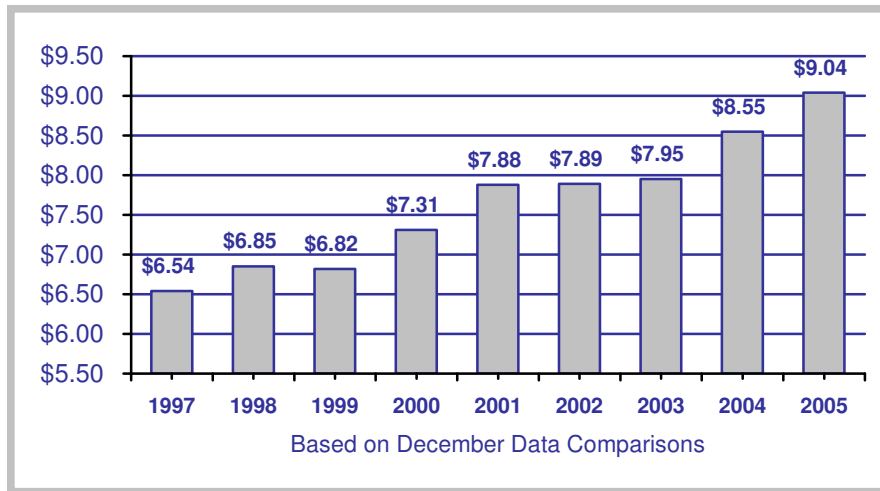
The decrease in the average monthly cost per case is due—in part—to increased work activities of FIP parents. Under the FIP work incentive formula, the family retains the first \$170 of monthly earnings plus 50% of the remaining monthly earnings. The working FIP parents and their families continue to receive reduced cash assistance payments until earnings equal or exceed the FIP monthly payment. For example, a family of three (3) will close once their gross monthly earnings reach \$1,278.

Annual Number of FIP Families Closing Due to Employment



Cumulatively, 30,350 FIP families have joined the workforce since 1998. While some may return to FIP (19% within 6 months) due to layoffs or other reasons, most often these families return to the workforce as soon as possible. In fact, Rhode Island has received federal TANF High Performance Bonus dollars for a number of years based (in part) upon FIP's success in job retention rate.

**FIP Average Hourly Wages at Job Entry
Continues to Increase Every Year**



**WORK PAYS FIP Parents who Meet their 30 hour Requirements
COMPARISON OF HOUSEHOLD INCOME WORKING VERSUS NON-WORKING
Family of Three (3)**

**30 HOUR JOB
One Parent/2 children**

Hourly Wage:	\$ 7.10
Hours Per Week:	30
Number of weeks:	52
Gross Annual Earnings:	\$11,076
Supplemental FIP Grant for Year:	+2,136
Food Stamps for Year (using Max. Shelter Deduction)	+4,056
Federal EITC:	+4,400
Child Tax Credit:	+ 11
State EITC	+ 110
TOTAL FAMILY INCOME :	\$21,789
Less Social Security	- 687
Less Medicare	- 161
Less TDI	- 155
TOTAL ANNUAL DEDUCT.	-1,002
Child Care Co-Payment	0
Rlte Care Co-payment	0

**NON-WORKING FAMILY
One Parent/2 children**

FIP Grant Only:	\$554/month
Number of months/year	\$6,648
Food Stamps for Year (using Maximum shelter deduction:	\$4,716
TOTAL FAMILY INCOME:	\$11,364

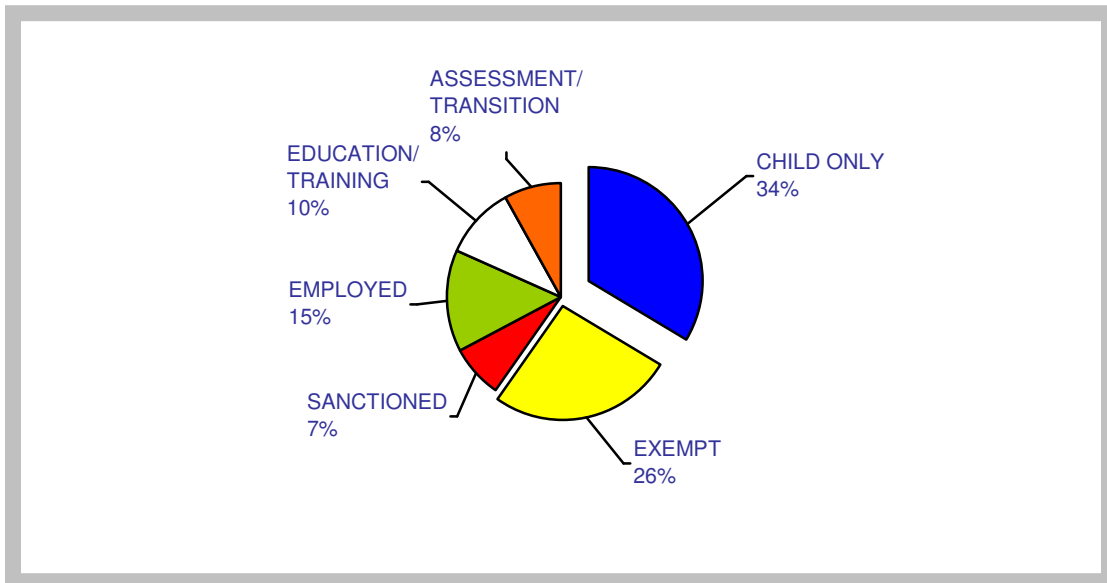
NET INCOME FOR YEAR: \$20,787

NET FAMILY INCOME FOR YR.: \$11,364

Child Support could increase income by \$2,964/year

Activity Status of FIP Families in December 2005

(Based on a total caseload of 12,074)



Number of FIP Parents Required to Participate
in either Work or Training
4,871 (40% of total caseload)

- **1,749 were Employed** (earnings still qualified them for supplemental FIP benefit)
- **1,240 were in Education/Training** (active in GED/ESL/skills training/post secondary education)
- **988 were in Assessment/Transition** (parents who have completed one activity in their employment plan but have not yet entered the next activity, or parents who are in process of assessment and plan development)
- **894 were in Partial Sanction** (parents who are not complying with their employment plan are receiving a reduced benefit until they comply or until they close due to full family sanction).

Number of FIP Cases Not Required to Meet Work Activities
7,241 (60% of Total Caseload)

- **4,081 (34%) were Child Only Cases** (parent or caretaker relative does not qualify for FIP cash assistance or the parent of the child(ren) has exhausted their 60-month time limit).
- **3,160 (26%) were exempt** from requirements (due to illness, pregnancy, child under 1 in family, over 60 years of age, or victims of domestic violence).

Partnerships Can Make Things Happen

During 2005, through the newly established Executive Office of Health and Human Services, collaboration and coordination with the state's human service agencies were strengthened and reinforced due to common interests in helping families. Working through the many cross-cutting policy and program issues has become much more strategic through this integrated approach with the goal that children and families, particularly those at high risk of neglect and abuse, receive a more coordinated set of services to meet their needs and avoid unnecessary tragedy. With these shared goals, a small workgroup of administrators and field staff from DHS and DCYF, with the assistance of the policy director of RIC Poverty Institute, were assigned the task of developing a systematic approach to working with parents involved with both agencies which would assure that families were not caught between two disconnected services plan requirements. New policy was developed, systems capability was programmed, and cross-training of staff from each department was designed and is currently underway. Better and more timely communication amongst and between all parties, including parents and families, will be the result.

Other DHS inter-departmental partnerships have also improved overall service delivery and include such initiatives as the Adult Literacy Task Force campaign to increase adult education resources throughout the state; joint efforts in promoting and facilitating access to job opportunities for FIP parents occurred with Department of Labor and Training (DLT), NETWORKRI Centers, Department of Economic Development (DED), and representatives from the employer community. Major recruitment activities were held at the NETWORKRI centers in Providence and Pawtucket as well as at the DHS Family Center in Woonsocket. Ongoing work with R I Department of Health in addressing health risks of teen parents and teens at risk of becoming pregnant has been another focus of work this past year.

Welfare Reform Implementation Task Force Nine (9) Years Of Commitment To FIP Families

Since the passage of the Family Independence Act of 1996, the Welfare Reform Implementation Task Force (WRITF), has continued to work closely with the Department of Human Services. This advisory group of approximately 35 to 50 Rhode Islanders has consistently committed itself to assure that FIP families receive the most appropriate mix of services in order to make the transition to work a success. The membership represents community organizations, service providers, parents, advocates, and policy leaders from the Rhode Island College Poverty Institute, R. I. Kids Count, United Way of Rhode Island, Housing Resources Commission, Woonsocket Head Start, and various other agencies serving low-income families. Meeting no less than monthly throughout the year, the WRITF devotes its work on such issues as family needs and supports, learning disabilities services, domestic violence prevention and advocacy resources, training for jobs, and has been involved in the five-year longitudinal study of the effectiveness of the FIP program conducted by both RIC and Wellesley College.

During 2005, a great deal of attention was focused on helping the FIP program to adapt to the changing needs of long-term recipients. Tracking reforms being proposed in Congress, as part of TANF Reauthorization, was another major focus combined with budget deficits emerging on both the state and federal levels. Another area of concern related to the impact of full family sanctions on cases found to be out of compliance with their FIP work requirements. The WRITF advocates for continued support for the principles of the 1996 Family Independence Act while at the same time, offers excellent ideas and recommendations to more effectively foster successful work outcomes of FIP parents.

This unique partnership has resulted in more than nine years of dedication to families and children who have been part of the FIP program. Each year has presented special challenges but the partnership has not wavered in its common interests and the critical role played by the WRITF has been extremely valuable to the Department of Human Services and the families served by FIP.

Partnership with United Way in Promoting Earned Income Tax Credits for Low-Income Workers

During 2005, the Department worked with United Way of Rhode Island in their outreach efforts to promote greater awareness of EITC. DHS participated in this effort by sending just over 30, 000 flyers to low income households on FIP, Food Stamps, RIte Care and Child Care to announce the availability of free tax preparation services, including the filing of Earned Income Tax Credit. Feedback from the IRS indicated that a significant increase in the number of EITC filers (both state and federal) was noted which meant that more dollars were distributed into the pockets of low income working families throughout the state.

State & Federal Partnership

Both the state and federal government fund RI's Family Independence Program. The U.S. Department of Health and Human Services administers the Temporary Assistance to Needy Families (TANF) Program. TANF is the federal law that governs welfare reform nationally and while it provides states with flexibility to design programs and services in accord with state's needs, it also holds states to specific requirements that must be met, including strong work requirements for parents; time limited benefits for families not to exceed 60 months; and specific reporting requirements -- states who don't meet these specific requirements risk significant financial penalties resulting in loss of federal dollars.

The challenge for the Department rests on achieving an appropriate balance between the goals and needs of the state and the mandates of the federally regulated TANF program.

SPOTLIGHT ON THE FUTURE Congress Passes TANF Reauthorization

As part of the Budget Deficit Reduction Act which was signed by the President on February 8, 2006, TANF was reauthorized. While many of the proposals debated over the past several years were ultimately dropped, the federal TANF Program has remained essentially the same as the original bill; however, several significant modifications have occurred which mean that states, including Rhode Island, will face major challenges in the coming years. For example:

- ❑ The new law makes the existing work participation requirements for two-parent families considerably more stringent---and far more difficult for states to meet. Ninety (90) percent of these families are required to participate in work activities for at least 35 hours per week (or 55 hours per week if the family receives subsidized child care).
- ❑ The work participation rate for all families (as a group) is 50 percent, which means that 50 percent of all families must participate in work activities for a minimum of 30 hours per week for parents with children ages six and over; 20 hours per week for parents with younger children.

- ❑ Starting October 1, 2006, the new law recalibrates the caseload reduction credit, using a base year of FY 2005 caseload data rather than the present FY 1995 numbers.
- ❑ Beginning October 1, 2006 TANF will apply the participation rate to an expanded group currently paid for under separate state programs and will regulate circumstances under which a parent residing in a child-only household should be included in the work participation rates.
- ❑ Also effective October 1, 2006, TANF establishes a new (additional) State penalty for failure to comply with verification procedures of 1-5% depending on severity of failure.

U. S. Department Of Health And Human Services
Awards Rhode Island High Performance Bonus Dollars

TOTAL DOLLARS AWARDED TO RHODE ISLAND:
\$15,134,639

The federal TANF regulations identify a number of major indicators of success and based upon individual state performance, HHS awards bonus dollars to the top performing states throughout the country who achieve the highest measures in specific categories. Rhode Island has won HPB dollars for six (6) out of seven (7) years.

1999	Improvement in Job Entry and Improvement in Success in the Workforce Total Award= \$ 2,495,027
2001	Improvement in Job Entry and Success in Workforce Performance Total Award= \$ 4,751,070
2002	Improvement in Success in the Workforce and Performance in Child Care Subsidy and Food Stamp Improvement Total Award= \$ 2,253,419
2003	Performance in Child Care Subsidy and Improvement in Family Formation/ Stability Total Award= \$ 704,793
2004	Performance in Child Care Subsidy Total Award = \$ 179,251
2005	Performance in Child Care Subsidies, Medicaid Enrollment, Food Stamps, and in addition R.I. ranked within the top 10 on Job Retention. Total Award = \$4,751,079

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